Press release

Paris, September 29, 2017

KAUFMAN & BROAD

RESULTS FOR THE FIRST NINE MONTHS

- ✓ **Strong sales and financial results, strengthened financial structure**
- ✓ **Full-year targets confirmed**

◆ **Key components of sales activity (9m 2017, compared with 9m 2016)**

- **Housing Unit Orders**
  Value: €1,166.7 million(+15.0%) including VAT
  Volume: 5,879 housing units (+12.5%)
- **Marketing period**
  6.1 months compared with 7.2 months
  (on a12-month rolling basis)

◆ **Key financial data (9m 2017 vs 9m 2016)**

- **Revenues:**
  €947.9 million (+13.5%)
  With Housing Units: €820.8 million (+18.5%)
- **Gross margin:**
  €181.8 million compared with €158.3 million over 9 months in 2016
- **Adjusted EBIT:**
  €80.6 million compared with €70.9 million over 9 months in 2016
- **Attributable net income:**
  €33.2 million compared with €27.8 million over 9 months in 2016
- **Net financial debt:**
  €35.0 million compared with €85.1 million at the end of 2016

◆ **Key growth indicators**

- ✓ **Overall backlog:**
  €1,728.0 million (+13.1% vs. 9 months 2016)
  Of which Housing Units:
  €1,529.9 million (+19.3% vs. 9 months 2016)
- ✓ **Housing Property Portfolio:**
  28,167 units (+17.0% vs. 9 months 2016)

Kaufman & Broad SA today announced its results for the first nine months of the 2017 financial year (from December 1, 2016 to August 31, 2017).
Nordine Hachemi, Chairman and Chief Executive Officer of Kaufman & Broad, said:

"The results for the first nine months of 2017 confirm the strong momentum shown in the past four years.

The value of housing unit orders grew by 15.0% and volumes by 12.5%. This increase was mainly driven by first-time buyers (+16.0% by volume). The increases in the land reserve and in the backlog confirm our strong long-term growth capacity.

Lastly, Kaufman & Broad has, with SERENIS, a company specialized in senior managed accomadations and health infrasructures, created a joint venture to develop residences for seniors. This initiative reaffirms the Group's commitment to the booming managed accommodation segment.

During the third quarter, Kaufman & Broad registered for € 110M in orders in the Commercial Property Segment.

Our capacity to maintain a significantly smaller marketing period compared to the market allows us to manage our working capital requirements and our margins. It results into a reduction of the net financial debt and a strengthening of shareholder's equity.
Those different indicators show our capacity to deliver high quality goods with relevant pricing considering our customers bargaining power.

As expected, french government have recently announced the upkeep of current arrangements for purchasing and rental proprety investment in areas with housing shortage. This leads us to confirm our perspectives for the year in a stable market.

Thus, we confirming a growth around 10% for 2017 revenues. Gross margin and adjusted EBIT should remain around 19% and 8.5% respectively. Net financial debt will continue to decline relative to 2016 to around €50 million."

Sales activities

✓ Housing Segment

In the first nine months of 2017, orders for housing amounted to €1,166.7 million (including VAT) in value terms, up 15.0% on the same period in 2016.
In volume terms, orders for housing totaled 5,879 units, up 12.5% on the same period in 2016.
The marketing period for projects was 6.1 months on a rolling 12-month basis, a decrease of 1.1 months compared with the same period in 2016 (7.2 months).

The commercial offer, at 92.2% in housing shortage areas, amounted to 4,487 units at the end of August 2017, up 5.3% on the end of 2016.

Breakdown of the customer base

In the first nine months of the year, orders from first-time buyers accounted for 16% of sales by volume, and those from second-time buyers 6%. Orders by investors accounted for 48% of sales (Pinel arrangements alone 35%) and block sales 29%.

✓ Commercial Property segment

In the first nine months of 2017, the Commercial Property segment recorded €108.6 million (including VAT) in orders.

During the summer, Kaufman & Broad (through its specialist subsidiary Concerto) signed an off-plan sale (VEFA) and a promissory off-plan sale for two logistics platforms totaling more than 100,000 sq.m, representing some €110 million excluding VAT of orders, in line with the €150 to €200 million target announced last July.

At the end of August 2017, the Commercial Property backlog totaled €194.7 million (excluding VAT).

✓ Forward-looking indicators for the sales and development activity

At August 31, 2017, the Housing backlog amounted to €1,529.9 million (excluding VAT), i.e. 15.4 months of business. Kaufman and Broad had 238 housing programs on the market at the same date, which represent 4,487 housing units, compared with 208 programs representing 4,739 housing units at the end of August 2016.

The Housing property portfolio, 98% of which is in housing shortage areas, amounted to 28,167 units, and was up 17.0% compared with the portfolio at the end of August 2016. This corresponds to potential revenue of close to 4 years of business, stable relative to November 30, 2016 (4.1 years) and to August 31, 2016 (4 years).

In the 4th quarter of 2017, the Group is planning to launch 50 new programs, including 15 in the Ile-de-France Region, representing 1,466 units; 34 programs in the French Regions, representing 2,907 units, and 1 Commercial Property program.

♦ Financial results

✓ Business activity

Total revenues amounted to €947.9 million (excluding VAT), up 13.5% compared with the same period in 2016.

Housing revenues amounted to €820.8 million (excluding VAT), compared with €692.5 million (excluding VAT) in 2016. They accounted for 86.6% of the group's revenues.

Revenues from the Apartments business were up 20% compared with the first nine months of 2016, and amounted to €792.6 million (excluding VAT).

Revenues from the Commercial property segment totaled €122.9 million (excluding VAT), compared with €137.8 million (excluding VAT) over the same period in 2016.

The other businesses generated revenues of €4.3 million (excluding VAT).

✓ Profitability highlights

The gross margin for the first nine months of 2017 totaled €181.8 million compared with €158.3 million in 2016. The gross margin ratio was 19.2%, or slightly higher than in the same period of 2016 (19.0%).

Current operating expenses for the first nine months amounted to €106.4 million (11.2% of revenues), versus €92.5 million for the same period in 2016 (11.1% of revenues).

Current operating profit totaled €75.4 million, compared with €65.8 million in the first nine months of 2016. The current operating margin was 8.0%, compared with 7.9% in the first nine months of 2016.

The Group's adjusted EBIT amounted to €80.6 million in the first nine months of 2017 (versus €70.9 million in the same period 2016). The adjusted EBIT was 8.5% (stable relative to the same period in 2016).

Attributable net income amounted to €33.2 million, compared with €27.8 million for the first nine months of 2016.

✓ Financial structure and liquidity

Net financial debt amounted to €35.0 million at August 31, 2017. Cash assets (available cash and investment securities) amounted to €214.7 million, compared with €118.1 million at November 30, 2016. Financing capacity totaled €314.7 million (€218.1 million at November 30, 2016).

Working capital requirement amounted to €118.9 million (8.8% of revenues on a 12-month rolling basis), compared with €129.2 million at November 30, 2016 (10.4% of revenues). The tight control on working capital primarily relies on the very short marketing period for the Group's programs.

✓ **Offer reserved for employees**

Pursuant to a decision by its Board of Directors on July 10, Kaufman & Broad launched a subscription offer for new shares reserved for group employees, from September 21 to October 1 inclusive, representing a maximum total of 1.7% of the share capital at August 31, 2017. Subscribed through the corporate mutual fund (FCPE "KB Actions 2017"), the shares will be unavailable until July 1, 2022 unless released early where permitted by applicable regulations.

The main objective is to link employees more closely to the future of the business by allowing them to subscribe to shares on preferential terms. Currently holding close to 12.4% of their company's capital, employees are now the largest shareholder in Kaufman & Broad. A policy of strong employee shareholding is a guarantee of independence and stability for the company, as well as an opportunity for every employees to benefit from its growth.

♦ 2017 outlook

The group believes that the increase in its revenues over the 2017 fiscal year should be in the order of 10%, despite the wait-and-see attitudes to government land tax announcements. The gross margin and adjusted EBIT ratios should remain around 19% and 8.5% respectively. Net financial debt will continue to decline relative to 2016 to around €50 million.

This release is available on the www.kaufmanbroad.fr website

♦ Next regular publication date:

✓ Second half of January: 2017 Annual results (after market close)

Contacts

Chief Financial Officer	Press Relations	Corporate Communication
Bruno Coche	Marianne Cruciani	Emmeline Cacitti
	Burson-Marsteller	
+33 (0)1 41 43 44 73	+33 (0)1 56 03 12 80	(+33) 1 41 43 44 17
Infos-invest@ketb.com	contact.presse@ketb.com	ECACITTI@ketb.com

About Kaufman & Broad - Kaufman & Broad has been designing, building and selling single-family homes in communities, apartments, and offices on behalf of third parties for almost 50 years. Kaufman & Broad is one of the leading French Property Development & Construction companies due to the combination of its size and profitability, and the strength of its brand.

♦ Glossary

Backlog: For off-plan sales (VEFA), it covers housing ordered but not delivered for which the notarized sale deeds have not yet been signed, and housing ordered but not delivered for which the notarized sale deeds have been signed but not yet posted to revenue (for a program that is 30% completed, 30% of housing revenue for which the notarized sale deed has been signed is accounted for as sales, 70% is included in the backlog). The backlog is a summary at any given time that allows an estimate of the remaining revenue to be recognized in the months ahead and that serves as a basis the group's forecasts. It should be noted that a degree of uncertainty exists when converting backlog into revenue, especially for orders not yet officially notarized.

Off-plan lease (BEFA): an off-plan lease involves a customer leasing a building before it is even built or redeveloped.

Marketing period: the inventory marketing period is the number of months required for the available housing units to be sold, if sales continue at the same rate as for the previous units, or the number of housing units (available supply) per quarter divided by the orders for the previous quarter, and divided by three in turn.

Adjusted EBIT: corresponds to income from current operations restated for capitalized "IAS 23 revised" borrowing costs, which are deducted from the gross margin.

EHU: The EHUs (Equivalent Housing Units) delivered are a direct reflection of business volumes. The number of EHUs is obtained by multiplying (i) the number of housing units in a given program for which notarized sale deeds have been signed by (ii) the ratio between the Group's property expenses and construction expenses incurred on said program and the total expense budget for said program.

Gross margin: Gross margin corresponds to revenues less cost of sales. Cost of sales consists of the price of land parcels, the related property costs (taxes, etc.), commissions paid to developers and to Kaufman & Broad sales staff, as well as fees and commissions provided for in the agency agreements executed by Kaufman & Broad in order to sell its real estate programs, construction costs and borrowing costs that may be directly attributed to program development.

Commercial offer: is represented by the total inventory of housing units available for sale at the relevant date, i.e. all housing units that have not been ordered on that (minus the sales tranches that have not been released for marketing).

Property portfolio: represents all of the land for which any commitment (contract for sale, etc.) has been signed.

Orders: measured in volume (Units) and in value terms; orders reflect the Group's sales activity. Their inclusion in revenues is conditional on the time required to turn an order into a signed and notarized deed, which is the triggering event for booking the income. In addition, in the case of multiple-dwelling programs that include mixed-use buildings (apartments, business premises, retail space, and offices), all of the floor space is converted into housing equivalents.

Land reserve: This includes land to be developed (otherwise known as the "land portfolio"), i.e. land for which a deed or contract of sale has been signed, as well as land still being surveyed or assessed, i.e. land for which a deed or a contract of sale has not yet been signed.

Marketing period ratio: the marketing period ratio represents the percentage of the initial inventory that is sold on a monthly basis for a property program (sales per month divided by the initial inventory), i.e. net monthly orders divided by the ratio between the opening inventory and the closing inventory, divided by two. NB: The inverse of the take-up rate (1/Te) gives the projected duration (in months) of the marketing of a program, i.e. the take-up period. For example, a 4.0% take-up rate corresponds to a projected duration of 25 months of marketing.

Units: units are used to define the number of housing units or equivalent housing units (for mixed programs) in a given program. The number of equivalent housing units is calculated as a ratio between the surface area by type (business premises, retail space, or offices) and the average surface area of the housing units previously obtained.

Off-plan sale (VEFA): anoff-plan sale is an agreement via which the vendor transfers their rights to the land and their ownership of the existing buildings to the purchaser immediately. The future structures will become the purchaser's property as they are completed: the purchaser is required to pay the price of these structures as the works progress. The vendor retains Project Management powers until the works are accepted.

APPENDICES

♦ Financial data

Key consolidated data*

€ '000s	Q3 2017	9M 2017	T3 2016	9M 2016
Revenues	320,264	947,940	260,504	835,304
· *Of which Housing*	285,855	820,820	240,960	692,529
· *Of which Commercial Property*	35,850	122,866	17,527	137,766
· *Of which Other*	1,529	4,254	2017	5,009
Gross margin	61,859	181,762	49,372	158,338
Gross margin (%)	*19.3%*	*19.2%*	19.0%	19.0%
Current operating profit	26,630	75,380	20,163	65,793
Current operating margin (%)	*8.3%*	*8.0%*	7.7%	7.9%
Adjusted EBIT**	28,498	80,597	21,465	70,902
Adjusted EBIT margin (%)	*8.9%*	*8.5%*	8.2%	8.5%
Attributable net income	13,048	33,200	9,609	27,756
Attributable net earnings per share (€/share)***	0.63	1.59	0.46	1.33

* *Unaudited and not approved by the Board of Directors.*
** *Adjusted EBIT corresponds to income from current operations restated for capitalized "IAS 23 revised" borrowing costs, which are deducted from the gross margin.*
****Based on the number of shares that make up Kaufman & Broad S.A.'s share capital, i.e. 20,839,037 shares.*

Consolidate income statement*

€ '000s	Q3 2017	9M 2017	Q3 2016	9M 2016
Revenues	**320,264**	**947,940**	**260,504**	**835,304**
Cost of sales	-258,405	-766,178	-211,132	-676,966
Gross margin	**61,859**	**181,762**	**49,372**	**158,338**
Selling expenses	-9,196	-27,082	-7,231	-23,329
Administrative expenses	-15,408	-47,949	-12,643	-40,082
Technical and customer service expenses	-4,454	-15,044	-4,611	-14,404
Development and program expenses	- 6,171	-16,306	-4,724	-14,730
Current operating profit	**26,630**	**75,380**	**20,163**	**65,793**
Other non-recurring income and expenses	**-**	**-**	**-**	**-**
Operating income	**26,630**	**75,380**	**20,163**	**65,793**
Cost of net financial debt	-1,266	-3,397	-1,016	-2,410
Other financial expenses and income	**-**	-	-	-
Income tax	-7,407	-20,773	-5,529	-20,435
Share of income/loss of equity affiliates and joint ventures	709	507	-67	-187
Net income of the consolidated entity	**18,666**	**51,717**	**13,552**	**42,761**
Non-controlling interests	5,617	18,517	3,943	15,005
Attributable net income	**13,049**	**33,200**	**9,609**	**27 27,756**

*Unaudited and not approved by the Board of Directors.

Consolidated balance sheet*

€ '000s	August 31, 2017	30 Nov 2016
ASSETS		
Goodwill	68,661	68,661
Intangible assets	88,659	87,570
Property, plant and equipment	8,149	7,449
Equity affiliates and joint ventures	12,008	5,634
Other non-current financial assets	1,752	2,504
Deferred tax assets	2,613	-
Non-current assets	**181,842**	**171,818**
Inventories	379,918	371,381
Accounts receivable	317,201	375,669
Other receivables	147,313	159,772
Cash and cash equivalents	214,745	118,108
Prepaid expenses	1,337	1,345
Current assets	**1,060,514**	**1,026,275**
TOTAL ASSETS	**1,242,356**	**1,198093**

LIABILITIES		
Share capital	5,418	5,418
Premiums, reserves and other	124,983	79,119
Attributable net income	33,200	46,035
Attributable equity capital	**163,601**	**130,571**
Non-controlling interests	13,905	15,196
Equity capital	**177,506**	**145,767**
Non-current provisions	22,746	23,229
Borrowings and other non-current financial liabilities (portion maturing in > 1 year)	248,319	191,362
Deferred tax liabilities	64,037	45,471
Non-current liabilities	**335,102**	**260,062**
Current provisions	1,441	1,499
Other current financial liabilities (portion maturing in < 1 year)	1,435	11,841
Trade payables	641,660	675,146
Other payables	84,777	97,382
State - current taxes	-	5,858
Deferred income	435	539
Current liabilities	**729,748**	**792,264**
TOTAL LIABILITIES	**1,242,356**	**1,198093**

**Unaudited and not approved by the Board of Directors.*

♦ Operating data

Housing	Q3 2017	9M 2017	Q3 2016	9M 2016
Revenues (€ million, excl. VAT)	282.9	820.8	241.0	692.5
· *Of which Apartments*	*272.7*	*792.6*	229.7	660.6
· *Of which Single-Family Homes in communities*	*10.2*	*28.2*	11.3	31.9
Deliveries (EHUs)	1,800	5,271	1,446	4,244
· *Of which Apartments*	1,746	5,135	1,396	4,105
· *Of which Single-Family Homes in communities*	54	136	50	139
Net orders (in number)	1,779	5,879	1,711	5,228
· *Of which Apartments*	*1,664*	*5,669*	1,684	5,093
· *Of which Single-Family Homes in communities*	*115*	*210*	27	135
Net orders (€ millions, excl. VAT)	381.9	1,166.7	340.9	1,014.5
· *Of which Apartments*	*341.2*	*1,105.3*	333.6	979.0
· *Of which Single-Family Homes in communities*	*40.7*	*61.3*	7.3	35.4
Commercial offer at end of period (by number)	4,508		4,739	
Backlog at end of period				
· *In value terms (€ million, excl. VAT)*	1,529.9		1,282.9	
- *Of which Apartments*	*1,459.2*		*1,245.8*	
- *Of which Single-Family Homes in communities*	*70.7*		*37.1*	
· *In months of business activity*	15.4		14.9	
Land reserve at end of period (by number)	28,167		24,077	

Commercial property	Q3 2017	9M 2017	Q3 2016	9M 2016
Revenues (€ million, excl. VAT)	35.8	122.9	17.5	137.8
Net orders (€ millions, excl. VAT)	108.6	108.6	29.7	251.3
Backlog at end of period (€ millions, excl. VAT)	194.7		245.0	